

FAX TRANSMITTAL SHEET

TO: Phillip C Watkins, MD

FROM: Anthony J Tanner
Executive Vice President

DATE: 30-Sep-99

FAX NUMBER:

TOTAL # OF PAGES: 2 (including cover sheet)

COMMENTS:

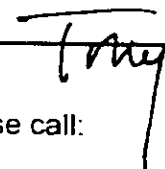
Phil –

Here is the letter that I spoke to you about. If you have any changes, please make them and then fax the corrected copy to me at 850-927-4031. I will then prepare a corrected version for our signatures. If you have any questions, call Kathee Parks at 969-5646 and she will be able to reach me.

Thanks,



Revised copy.
Original will be sent
by courier for your
signature



If there are problems receiving this transmittal please call:

(205) 969-4717

ONE HEALTHSOUTH PARKWAY • BIRMINGHAM, ALABAMA 35243

September 30, 1999

Richard M Scrushy
Chairman & CEO
HEALTHSOUTH Corporation
One HealthSouth Parkway
Birmingham, AL 35243

Dear Richard:

We have come under increasing pressure from our shareholders to change the mix of the Board. With the management restructuring that is taking place, we feel that this is an opportune time to make changes.

The Corporation has also been criticized by institutional shareholders for the lack of female and minority representation on the Board. Since 1985, Sage has been our sole female director and the majority of investors do not realize that she is female. The Board should consider the election of another qualified woman to serve as an outside director.

In addition, we have come under criticism about the number of inside directors that are on the Board. Many institutional investors feel that there should only be a minimum number of inside directors on a board. Our current complement of five inside directors is quite high in comparison to the majority of public companies. In addition, we are sending mixed signals to our employees and shareholders by having both a division president and the corporation's president on the board. We recommend that Daryl step down from the Board leaving four inside directors.

With these two actions, the Board can change from the current 5:7 inside to outside director ratio to a 4:8 ratio which should be more acceptable to our shareholders.

We recommend that the Board consider these actions at the November meeting.

Sincerely,



Anthony J Tanner
Executive Vice President, Secretary
and Director

Phillip C Watkins, MD
Director and Chairman, Audit
& Compensation Committee

One HealthSouth Parkway • Birmingham, AL 35243
205 967-7116
<http://www.healthsouth.com>

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